Rs. 500 crore, with initial funding to be contributed by Central Government, RBI and NABARD.

New Pension System

1556. SHRI K. CHANDRAN PILLAI: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal for a new Pension System;

(b) if so, the salient feature of the proposed system;

(c) whether the new proposal includes investing the funds in stock market;

(d) if so, the details thereof;

(e) whether any measure is in place for the safety of the investment in volatile situation of stock market; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) A new restructured defined contribution pension system for the new entrants to Central Government service, except to the Armed Forces,in the first stage, replacing the existing system of defined benefit pension, was notified on 22nd December, 2003. The New Pension System (NPS) was implemented with effect from 1st January, 2004. The NPS will also be available, on a voluntary basis to all persons including self-employed professionals and others in the unorganized sector. In case of Central Government employees the monthly contribution is 10% of the salary and Dearness Allowance, which is matched by the Government. There will be no contribution from the Government in respect of individuals who are not Government employees. Main features of the scheme include, *inter-alia*, a non-withdrawable tier-I account; a voluntary tier-II withdrawable account normal exit at the age of 60 years for tier-I and a mandatory requirement to invest 40% of pension wealth on exit to purchase an annuity.

(c) to (f) Accumulations under the NPS are being credited into the public account. Measures including consultations with State Governments have been initiated to decide on an appropriate investment arrangement for

these accumulations. While finalising a mechanism for investment of funds of subscribers, steps would also be taken to ensure that the funds are invested to benefit subscribers.

Holding of dud shares of LIC

1557. SHRI RAJNATH SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether LIC is holding a large number of dud shares of companies which have been suspended by stock exchanges for trading;

(b) whether large sums of public money has been blocked by such holding;

(c) if so, the details of such companies along with the respective holdings;

(d) whether LIC proposes to offload such holding to RBI approved NBFCs who have shown interest in purchase of such shares;

(e) if so, by when; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Life Insurance Corporation of India (LIC) has informed that it has been investing in equity shares of the companies over the years. It also has inherited equity holdings from the erstwhile private insurers at the time of nationalization. Of these holdings, some shares are not being traded due to following reasons: (i) shares are not listed on the exchanges, (ii) shares though listed are not being traded, and (iii) trading is suspended by exchanges.

(b) As per the information provided by LIC, the cost of holding in such companies as at March, 2006 was about Rs. 342 crore, which amounted to 77% of the total equity investments on book value basis and about 0.07% of the total investments of LIC.

(c) There are about 458 companies with total acquisition cost of Rs. 342 crore.

(d) to (f) LIC has reported that as and when it receives offers to buy its holding, either in part or whole, in such companies, the proposals are